CORPORATE SOCIAL RESPONSIBILITIES: A STUDY OF SELECTED ORGANISATIONS

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SYNOPSIS

Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory rules to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families in particular and society at large, in general.

At the advent of globalization and the increaing use of communication technology and the Internet, the outside stakeholders are taking an increasing interest in the activity of the company. They look at the outer circle about the company's contribution either good or bad, in terms of its products and services and the impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused and on quality of management as an indicator of likely future performance.

The Concept:

Many people have given many definitions about CSR.According to The World Business Council for Sustainable Development, Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world. Traditionally in the United States, CSR has been defined more as a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes and then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving. The European model is much more focused on operating the core business in a socially responsible

way, complemented by investment in communities for solid business case reasons. This model is more sustainable because social responsibility becomes an integral part of the wealth creation process and it must enhance the competitiveness of business and maximise the value of wealth creation to society.

According to CSR Asia, it is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders while the International financial corporation terms it as the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development." In the words of the European Commission, it is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. According to Milton Friedman, it is the one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud. The Institute of Chartered Accountants in England & Wales describes the Corporate Responsibility as about ensuring that organisations manage their businesses to make a positive impact on society and the environment whilst maximising value for their shareholders." The Australian Centre for Corporate Social Responsibility defines CSR as the actions taken by an organization to minimize negative social and environmental impacts and leverage core competencies, products or services to create positive social and environmental impacts while Carlton defines it as Wealth creation without jeopardising the environment and society today, or at any time in the future. Michael Hopkins says that CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation" while feel that it is a commitment to improve

community well being through discretionary business practices and contributions of corporate resources. Finally according to Archie Carroll, CSR as a multilayered concept that can be differentiated into four interrelated aspects – economic, legal, ethical and philanthropic responsibilities. Carroll presents these different responsibilities as consecutive layers within a pyramid, such that the true social responsibility requires the meeting of all four levels consecutively. The model probably is the most accepted and established.

In the absence of a unversally accepted definition for CSR, there are some misconceptions about CSR among the stake holders in particular and the society in general. The basic misconceptions and their general remidies are presented here.

Businesses mean investing money and making money and this means that only the business houses decide the modus operandi of the CSR initiative to enhance their profits. There is a notion that since businesses invest money in society, they are the one who will be deciding upon the modus operandi of the CSR initiative. Although companies aim at profits it is not totally true to think like that. CSR driven by the mandate of an enterprise alone may not generate desired results. Stakeholders must be involved from the onset in defining an initiative to make it successful. Corporates must not assume that they understand the needs of a community by taking them at face value; stakeholder's needs must be considered within the local context and culture.

Financial resources alone can meet CSR needs of an enterprise. In fact, financial resources are only part of the equation. Besides financial resources, it is equally or even more important for the CSR programmes to be well defined and well accompanied by adequate human resources if they are to meet the intended objectives.

CSR is interchangeable with corporate sponsorship, donation or other philanthropic activities. The focus of responsible business practices in the

profit sector is hitherto largely confined to community charity-based projects. While this may have been relevant for the historical context in the mid-90s when Carroll's definition was coined, the current thinking of CSR has moved beyond philanthropy to encompass all internal and external segments of business operations, namely, employees, market environment and community.

Though acclaimed internationally, the concept of CSR is marred by several significant challenges such as: Lack of Corporate strategic philosophy and vision; Lack of understanding about Community Engagement Frameworks; Not enough sharing of best practices; Insufficient database of good NGO partners; Branding issues.

Measuring CSR:

The CSR network and accountability evaluates and ranks global corporations on six issues: public disclosure, governance, strategic intent, performance management, assurance, and stakeholder engagement. Together, they form a total social accountability rating on the top 50 largest corporations in the world based on the fortune Global 500. Here is how the measurement breaks down according to the "Accountability Rating Report" published on October 23, 2006:

- Stakeholder Engagement: Engaging in dialogue with people who have an interest in, may be affected by, or may affect its business.
- Governance Executives and the advisory board properly consider stakeholder issues when setting strategy and formulating.
- Strategy Core business strategy integrates social and environmental targets with financial ones.
- Performance Management: Management processes, business standards, incentives, and targets seek to achieve social and environmental goals.
- Public Disclosure: Provide a detailed report of social and environmental performance.
- Assurance: Secure appropriate independent assurance.

Corporate responsibility has matured," said Simon Zadek, the chief executive of Accountability. "In the early phase, companies looked at the impact of what they did, and then the focus changed to openness and transparency. We're now in the third generation where we measure the degree to which companies have embedded social and environmental strategies into their practices.

About the selected Organizations:

The researcher has selected four organizations for the study. Those are: Visakhapatnam Steel Plant (VSP), Hindustan Petroleum Corporation Limited (HPCL), National Thermal Power Corporation Limited (NTPC) and Steel Authority of India Limited (SAIL). The profile and its CSR activities has been given below:

Visakhapatnam Steel Plant (VSP), a Govt. of India Undertaking under the corporate entity of Rashtriya Ispat Nigam Ltd., is the first shore-based integrated steel plant in India. The plant with a capacity of 3mtpa was established in the early nineties and is a market leader in long steel products (wire rods, re-bars, rounds, angles, channels, blooms and billets) catering to the construction, automobile, wire drawing, forging and other manufacturing segments. The Plant is almost doubling its capacity to a level of 6.3 mtpa of liquid steel at a cost of around 2500 million USD and the products from the new units are set to come on stream from end of 2011 – 12 progressively. The plant has been operating consistently beyond its rated capacities in the range of 120 % for more than a decade with a turnover of over 2400 million USD consecutively for the last four years. The plant has an excellent layout, infrastructure, logistics and adequate land bank for expansion to 20 mtpa. The presence of a deep draft port in the vicinity offers unique advantage of unloading Cape vessels and conveyorized transfer to the Plant. RINL-VSP is the first integrated steel plant in India to be accredited with all three international standards, viz. ISO 9001, ISO 14001 and OHSAS 18001. The major initiatives are as follows:

- 'Jaladhara': Environment friendly project 'Jaladhara', implemented providing safe drinking water to 19 tribal villages of Agency area of Vizag District.
- Free Eye Camps: Reciprocities arrangement with Sankar Foundation for conducting free eye camps & cataract surgeries under financial aid for setting up 8 nos. Operation Theatres in their hospital. About 22,000 people were tested and 5000 cataract surgeries were carried out to bring light.
- Supplying of treated drinking water to Rehabilitation colonies during thirst summer days.
- Construction of Community Welfare Centres (19nos.) in Rehabilitation colonies & Peripheral villages for organizing social events, functions etc.
- Laying of Cement concrete roads and construction of Function Halls for SC / ST Community at Rehabilitation colony & peripheral villages.
- Arunodaya Special School for Differently Abled Children – RINL has constructed school building at a cost of Rs. 200.00 Lakhs, providing free education to 70 children and facilities like physio therapy, speech therapy, yoga therapy, music therapy, vocational training etc., - located in campus @ Ukkunagaram.
- Additional accommodation was provided at 3 Hostels for SC / ST girls / boys in Visakhapatnam city benefiting about 360 students.
- Organized empowerment programmes to women & un-employed youth. About 6000 people were trained in courses like Light Motor Vehicle Driving, MS Office, Two wheeler mechanism, soft toys making, Ariya work, Beautician, Dress making, Electrician and income generation programs like manufacturing / producing Phenyl, Detergent powder etc., at tribal area of Araku.

Hindustan Petroleum Company Limited (HPCL) is a Fortune 500 and Forbes 2000 company, with an annual turnover of Rs. 1,69,011 Crores and sales/income from operations of Rs 1,88,130 Crores during FY 2011-12, having about 20% Marketing share in India among PSUs and a strong market infrastructure. HPCL's Crude Thruput and Market Sales (including exports) are 16.19 Million Metric Tonnes (MMT) and 29.48MMT respectively

in the same period.HPCL is a Fortune 500 company which is also a 'Navaratna' public sector Petroleum Refining Company in India. It is having Oil Refineries in Mumbai, Visakhapatnam and Bhatinda in Punjab which is commissioned. It has petroleum retailing outlets all over India. It has a very good reputation for its quality products and services to its customers. The expansion of its refining capacity by adding new refinery in Punjab is a strategic move that will help the company to meet the petroleum products demand of its customers in north India in a better way. The company has also initiated several measures to improve the quality of its products and services in rural areas. It has introduced several schemes to help the rural population for their development as a part of its corporate social responsibility. The vision statement emphasizes the fact that to be a world class energy company one has to care and delight the customers with high quality products and innovative services across domestic and international markets with aggressive growth and better financial performance. The major initiaties as follows:

- Swavalamban: Providing free vocational training to low income group households.
- Navjyot: To increase the health index of slum children.
- Unnnati: Providing computer training to school children at Visakhapatnam and Vijayawada.
- Nanhi kali: To support the girl child for getting quality school education in Mehaboobnagar district and Paderu region of Andhra Pradesh.
- Suraksha: To prevent HIV / AIDS through training / lecturing to truck drivers at Highway retail outlets.
- Global warming: Providing Knowledge to school children at Delhi and Goa through an operating partner CSR&L (Centre for Social Responsibility & Leadership). Apart from the above CSR activities specially undertaken by HPCL for specific groups, the other social development activities include associating with health care, education, environmental protection, agricultural development, rural reconstruction, water supply development etc. It can be said that

HPCL has touched lives qualitatively acting as a corporate social ambassador by taking up the above activities.

National Thermal Power Corporation (NTPC), India's power giant, was established in November 1975 to play a major role in the Indian power sector. Today, an installed capacity of 19,435 MW, the corporation is looking ahead with an ambitious corporate plan to achieve a capacity of 30,000 MW by the year 2007 and 40,000 MW by 2012. Operating 13 coal based and 7 gas based stations, with its share of about 19 % of India's total installed capacity, generated 26 % of the country's power. A consistent high level performer in operation, it provides the benchmark for the Indian power sector. Apart from power generation, which is the mainstay of the company has already ventured into consultancy, power trading, ash utilisation and coal mining. NTPC ranked 337th in the '2012, Forbes Global 2000' ranking of the World's biggest companies. It became a Maharatna company in May, 2010, one of the only four companies to be awarded this status. The initiatives as follows:

- Company supporting 500 schools, 26 ITIs, 3 Polytechnics and 3 Engineering Colleges around it's locations benefiting about 50,000 students every year.
- Construction / Repair of class rooms, toilets, boundary walls, kitchen sheds in schools.
- It provides scholarships, awards, solar lanterns, school bags, uniforms, books & stationeries etc. Benefitted close to 3 lakh students so far.
- Organizes skill upgradation programs for women (tailoring, beautician course, embroidery etc), distribution of Sewing Machines to promote self-employment.
- Conducted programs for village youth like welding, electrician, motor winding, motor driving, IT related training etc. and benefitted close to 24,000 in last three years.
- It provides adequate health care to the community around the project sites. With 17 well-equipped project hospitals at its project sites with 700 hospital beds and 58 empanelled hospitals located centrally and

at regions, it achieves the above objectives. A fully dedicated team of 250 Doctors and around 1000 para medical staff, NTPC takes scarce quality medical care to the doorsteps of employees in the project in locations where even Govt. Primary Health Care is sadly inadequate. While 7 of the 17 hospitals, provide primary and emergency health care, the other 10 major hospitals also provide secondary health care. The empanelled hospitals provide the tertiary health care services. With the above efforts the mean employee age has increased

Steel Authority of India Limited (SAIL) is the leading steel-making company in India. It is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets. It is also among the five Maharatnas of the country's Central Public Sector Enterprises. This company manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheets, electrical sheets, structural, railway products, plates, bars and rods, stainless steel and other alloy steels. It produces iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials, including the Company's iron ore, limestone and dolomite mines. The company has the distinction of being India’s second largest producer of iron ore and of having the country’s second largest mines network. This gives SAIL a competitive edge in terms of captive availability of iron ore, limestone, and dolomite which are inputs for steel making. The major intiatives of this company is given below:

The company supports around 138 schools in the peripheral areas of SAIL’s plants / units in the country. More than 80,000 children receive education in these centres, a majority of which is located within 1-2 Kms of the target population making education easily accessible. Special Schools have been setup for underprivileged children, who have never been to school earlier at the five Integrated Steel Plants providing free education, “Akshay Patra” mid-day meals scheme, free transport, free text-books, stationary

items etc. SAIL has been successfully operating 39 Hospitals, 40 Primary Health Centres, and 11 Reproductive and Child Health Centres. These estimates have resulted in access to improved health infrastructure and related benefits for about 2.2 million people. The four general hospitals of SAIL at Bhilai, Durgapur, Bokaro and Rourkela are the nerve centres of the company's healthcare initiatives. Each equipped with over 700 beds, these are considered to be the apex referral institutes in respective states. The company has organized 49 Health Camps in 6 states (Bihar, Jharkhand, Chattisgarh, Orissa, West Bengal and Tamil Nadu) providing free health checkups, pathological laboratory treatment, common medicines, immunization, etc. to over 2.5 lakh of the needy population. The national programme on HIV / AIDS Prevention and Control Programme is being implemented by SAIL in its capacity of an inter-sectoral collaborator of the National AIDS Control Organization under the Ministry of Health & Family Welfare, Govt. of India since 1999-2000. SAIL has covered around 6lakh non-employees and 1lakh employees in the AIDS awareness programmes since 1999-2000. In 2003, the International Labor Organization documented SAIL's HIV / AIDS programme as a case study for workplace intervention.

Need for the study:

The review of literature reveals the studies on CSR have not been conducted in Visakhapatnam during the last two decades. Therefore, this study is taken up to enquire into CSR activities in four public sector organizations in Visakhapatnam. The study concentrates on the corporate social responsibilities taken up by RNL – Visakhapatnam Steel Plant (VSP), Hindustan Petroleum Corporation Limited (HPCL), National Thermal Power Corporation Limited (NTPC) and Steel Authority of India Limited (SAIL). It involves the study of different CSR activities and comparison of different activities taken up by these companies. The major initiatives are taken up based on environmental care, health care, peripheral development, education and community development etc. It helps a broader picture of the selected companies doing CSR activities to the society. Thus, a detailed study has been taken up on corporate social responsibilities in four selected organizations.

Objectives of the Study:

The objectives of the present study are as follows:

1. To review research and literature on corporate social responsibilities.
2. To present the corporate social responsibilities in different companies.
3. To examine the models of corporate social responsibilities in selected companies.
4. To analyze the perceptions of employees and beneficiaries on corporate social responsibilities.

Methodology of the Study:

The study is based on both primary and secondary sources of data. Primary data is collected through a questionnaire. About 40 employees and beneficiaries are selected from each organization. Thus, 160 responses are collected from four different organizations. The four organizations selected for the study are: RINL – Visakhapatnam Steel Plant, Hindustan Petroleum Company Limited, National Thermal Power Corporation Limited and Steel Authority of India Limited. The responses have been tabulated and analyzed. The corporate social responsibilities of these companies have been measured through the fuzzy Analytic Hierarchy Process (AHP) method. The performance assessment has become one of the most important aspects for the industries all over the world. Developing an evaluation model to facilitate the understanding of the contribution of CSR by the industries. Analytic Hierarchy Process (AHP) is applied to formulate and prioritize the parameters of CSR for constructing the evaluation model under which the development and productive use of investments in intangible assets can be made. Here, a fuzzy approach is integrated with AHP method to make up the vagueness about the degree of importance of decision-makers on judgment. It is further enhanced with the least square fuzzy analytic hierarchy process model. The least square method is used for finding the best company among those companies which have contributed for CSR. Secondary data have been collected through books, journals, periodicals, daily news paper, websites

and other available literature. The studies of different experts have been presented as Review of Literature.

The objective of this study is to construct a systematic, aggregate measurement of corporate social performance based on the research of Ruf (1998), and to extend that model to a novel model based on the Least Square Fuzzy-AHP (LSFAHP) to evaluate corporate social performance. This proposed method enables us to deal with problems encountered in measuring CSR with uncertainty or vagueness phenomenon and also the deterministic parameters. We also presented a case study to help explain the model. The results suggest that the LSFAHP method is applicable for developing such a measurement and can be used for both decision making and research. Of course, there are some limitations about this study. With regard to the methodology, the dimensions that selected for evaluating corporate social performance are derived from 1) Environmental Care 2) Education 3) Health Care 4) Community Involvement and 5) Peripheral Development. Again all these are subdivided into various parameters. The first one is subdivided into Pollution control, solid waste management while the second is subdivided into support primary / secondary education, Scholarships and infrastructure to schools / colleges. The third one is subdivided into Health checkups, treated water supply and provide hospital Buildings while fourth one is subdivided into safety / quality, interaction with people and community welfare centres. The fifth criterion is subdivided into roads, water tanks and bridges, etc.

When it refers to the specific results presented in this study, the limitation is that the results, which represent the judgment of a certain decision group, may generalize to other groups, only if the parameters are properly defined. The relative importance of the elements may change in different time or in different situations. In conclusion, the proposed system would be possible to predict the consequences of the decisions made based upon the information provided by this assessing model, thus providing a more accurate, effective, and systematic decision support tool. Future work for researchers may search for more commonly accepted dimensions of CSR

like Artificial Neural Networks, Genetic Algorithms, Artificial Ant colony optimization, Artificial bee colony Optimization etc, that can suitable for different cultural context. Another area of interest is to explore the relationship between other organizational variables and CSR especially the certain aspect of corporate social performance, which may facilitate a meaningful corporate strategy. Furthermore, researcher can find more criteria that can influence corporate social performance in a significant way, and determine the relative importance of the new criteria, seeing its influence on other criteria's relative importance.

The methodology adopted to achieve the objectives of study various concepts and definitions of CSR given by the experts in different dimensions. The uniformized the concept and the parameters were identified. After identifying the parameters, divided them into two groups, namely deterministic and uncertain parameters. The uncertain parameters are modeled using fuzzy logic and the deterministic ones are modeled using the conventional logic. The fuzzy AHP method is used for measuring the level of the CSR of selected four companies. The least square fit method was used for finding the best company among those companies which have contributed for CSR.

Organization of the thesis:

The thesis is organized in six Chapters. The first Chapter deals with the concepts and impact of Corporate Social Responsibility (CSR). The second Chapter is devoted to review of literature survey, in which the work related to CSR is briefly presented. In the third Chapter, the Fuzzy Analytical Process is applied to CSR and the corresponding algorithms along with a case study are presented. While fourth Chapter contains the profile of selected organizations and the CSR activities of companies. In fifth Chapter, a new and novel least square fuzzy analytical process based algorithm is proposed to measure the amount of work done towards the CSR by various companies. The main observations are discussed, tabulated and analyzed in fifth chapter. Summary, suggestions and conclusion are presented in the last Chapter.